

Westports Holdings (WPRTS MK)

2026: Look Beyond Congestion For Long-term Positioning

Highlights

- **Achieved commendable 2025 volume growth (+3.4%) despite losing market share.** Port statistics showed Westports (WPRTS) lost market share to other renowned SOM ports such as PTP (2025 growth: 14%) and PSA (11M25 growth: 8%). An unexpected surge in port congestion towards Dec 25 may extend this competitive disparity, during which WPRTS executed countermeasures by deploying maximum resources (in other words, effective capacity was >85%). The congestion may boost VAS revenues, but if we assume conservatively an equal risk of opex surging, then we make no forecast changes.
- **Long-term competitive positioning intact.** After achieving an over 30-year goal to be in the Global Top 10 Ports, Port Klang aims to achieve single-digit top rank mostly via digitalisation, efficiency and green initiatives. There are valid investor concerns for the nation, which has yet to launch a national blueprint for ports, but there are several new port developments done by the respective states. While this volatility will remain, we continue to believe that WPRTS (and the positioning of Port Klang and Pulau Carey) will only become more relevant, perhaps even to the level of national strategic importance. All in all, risk-reward remains fair, and hence we maintain HOLD and RM5.55 target price.

Analysis

- **4Q25: High port congestion experienced in Dec 25.** WPRTS issued a notice to all relevant stakeholders regarding the severity of the congestion. By early-Dec 25, over 40 vessels at anchorage were on wait for berths, and the average berth waiting time for the next seven days could be 88 days. A similar analysis by Kuehne+Nagel (myKN) showed 2-3 days of delay due to high berthing demand. This was a combination of vessel bunching that intensified in end-Nov 25 - a direct result of adverse weather conditions in other ports in the Far East - and compounded by severe flooding in Malaysia which caused severe intermitted stoppages by pilots and quay cranes (QC).
- **WPRTS rolled out countermeasures by deploying maximum capacity.** In the same notice, WPRTS also highlighted the average QC move count (to discharge/load containers) per vessel call, had increased from 900-1,000 previously to 1,250-1,350. This heavy discharge compared with loading resulted in longer port stays by vessels, and impacted WPRTS' productivity. Yard density surged from mid-80% to 92%. In response, WPRTS immediately deployed maximum operational resources (as per RHS table).

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	2,089	2,281	2,405	2,588	2,802
EBITDA	1,296	1,449	1,625	1,766	1,945
Operating profit	1,038	1,194	1,360	1,484	1,644
Net profit (rep./act.)	780	893	972	1,063	1,178
Net profit (adj.)	780	893	972	1,063	1,178
EPS	22.9	26.2	28.5	31.2	34.6
PE	24.5	21.3	19.6	17.9	16.2
P/B	5.4	5.0	4.7	4.4	5.4
EV/EBITDA	14.8	13.2	11.8	10.8	9.8
Dividend yield	3.0	3.5	3.8	4.1	4.6
Net margin	37.8	39.4	40.4	41.1	42.1
Net debt/(cash) to equity	7.7	7.8	6.3	9.9	50.0
Interest cover	31.1	26.0	12.8	13.0	13.1
ROE	28.2	30.5	31.7	33.1	42.3
Consensus net profit	-	-	950	1,077	1,167
UOBKH/Consensus (x)	-	-	1.02	0.98	1.00

Source: Westports (WPRTS), Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM5.66
Target Price	RM5.55
Upside	-1.9%

Analyst(s)

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Stock Data

GICS Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,420.0
Market cap (RMm)	19,371.0
Market cap (US\$m)	4,612
3-mth avg daily t'over (US\$m)	0.2

Price Performance (%)

52-week high/low RM5.87/RM4.05

1mth	3mth	6mth	1yr	YTD
3.5	(1.8)	(1.4)	29.5	(0.2)

Major Shareholders

	%
Gnanalingam Family	45.5
SouthPort	23.6
KWAP	5.8

Price Chart



Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEUs). WPRTS also offers value-added services (VAS)* supporting container handling, including storage, reefer, container freight, removal etc

- **2025: Achieved new record on volume once again.** WPRTS surpassed its previous record of container volumes in 2024, recording an outstanding 11.35m TEUs (+3.4% yoy) which almost matched our 11.42m TEU assumption. Also, WPRTS achieved a new benchmark in conventional throughput at 12.8m metric tonnes (+14% yoy). Based on this, we estimate 4Q25 volume to hit 2.9m TEUs, implying that the qoq/yoy growth comparisons were almost flattish. WPRTS's lacklustre volume growth was also observed by its loss of market share in the Straits of Malacca (SOM) to 14.7% in 3Q25. WPRTS' 9M25 volume growth was 4%, vs that of Port of Singapore (PSA), 11M25 volume growth: 8%) and Port of Tanjung Pelepas (PTP, 2025: +14%).

Valuation/Recommendation

- **Retain HOLD, SOTP-based target price RM5.55.** Premised on DCF until 2070 horizon (ie partial WPRTS 2 expansion), this implies an 18x 2026F PE and 12x EV/EBITDA. We see a fair risk-reward, after taking into consideration WPRTS' defensive advantage to benefit from Malaysia's 19% reciprocal tariff from the US, the port tariff hike, and the developments of the CK Hutchison global port assets sale (including its stake in WPRTS) which was valued at 13.5x EV/EBITDA, a premium vs 8-12x EV/EBITDA of M&A multiples transactions in the container ports industry.
- **Assuming WPRTS' 2026F EV/EBITDA rises above the sector's historical average ie at 13.5x EV/EBITDA,** the implied target is RM6.40, although we do not recommend chasing after this trading range given the uncertainties of the CK Hutchison deal completion.

Earnings Revision/Risk

- Earnings revision: Nil.
- **Risk.** WPRTS' high-yield gateway volume reached a peak of 4.9m TEUs in 2024. It attributed some of the volume surge to e-waste and illegal cargoes like scrap iron and metal imports. These volumes are unsustainable, as Malaysia, being a signatory to the Basel Convention, continues to actively curtail illegal e-waste operations. While this is a step in the right direction, management is unable to guide on the exact quantum of exposure and timing for the phase-out of these unsustainable cargoes.

Share Price Catalysts

- **Additional RM0.2b equity funding headroom.** WPRTS' funding structure for WP2 was planned via a RM0.6b dividend reinvestment plan (DRP) and a RM5b new Sukuk Wakalah programme. A recent Edge article highlighted that WP2 requires just RM0.4b equity from the DRP, leaving about RM0.2b available for additional investments.
- **Well-positioned for M&A opportunities – key criteria is returns.** We previously highlighted that a new subsidiary Westports International SB had been set up in Dec 24. Chairman Datuk Ruben officially commented that they are keen to invest in another ASEAN port, with preference for another container port in the brownfield stage instead of greenfield. However, WPRTS stated there are no port candidates in advanced negotiation stage of discussion due to "pricing". Hence, we do not expect a near-term share price run-up.

WPRTS: Countermeasures in Dec 25

- Increasing QC deployment: 55 QC per shift
- Increasing Terminal Tractor (TT) deployment: 450 per shift
- Increasing Rubber Gantry Cranes (RTG) deployment: 175 per shift
- As per 2024 Annual Report, WPRTS has 66 QC, 217 RTG and 607 TT.
- WPRTS prioritized vessels with high loading volumes to accelerate yard clearance, although discharge-priority vessels are not being overlooked

Source: UOB Kay Hian

Straits of Malacca (SOM) ports statistics

m TEUs	3Q24	4Q24	1Q25	2Q25	3Q25
Westports	2.70	2.87	2.69	2.88	2.87
Growth (%)	-2.5	0.0	0.7	5.5	6.3
Port Klang	3.74	3.78	3.53	3.80	3.87
Growth (%)	3.4	2.2	2.0	3.7	3.6
PTP	3.24	3.05	3.17	3.70	3.54
Growth (%)	21.3	7.9	11.1	19.3	9.1
PSA Singapore	10.47	10.41	10.55	11.17	12.17
Growth (%)	5.2	3.9	5.8	8.6	8.6
SOM*	17.46	17.24	17.25	18.66	19.58
Growth (%)	7.4	4.2	5.9	9.5	12.2
WPRTS market share (%)	15.5	16.6	15.6	15.4	14.7

Note: SOM combines Port Klang, Port of Tanjung Pelepas (PTP) and Port of Singapore (PSA)

Source: Westports, MOT, PSA Singapore, UOB Kay Hian

DCF valuation and target price

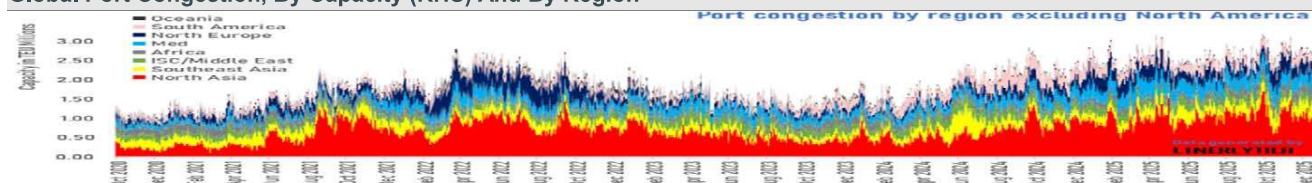
	Stage 1 (2024-54)	Stage 2 (2054-2070)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
DCF (RMm)	3,632.3	15,555.8
Risk Free Rate		5.0%
Beta (x)		0.9
Tax Rate		25%
Cost of Equity		8.6%
Cost of Debt		4.5%
WACC		7.6%
Enterprise Value (RMm)		19,188.2
- Net Debt, FY26F (RMm)		(258.2)
Target Price		5.55

Source: UOB Kay Hian Estimates

Environment, Social, Governance (ESG) Updates

- **Westports' commitment to adopt automation.** On 17 Apr 2025, WPRTS launched its state-of-the-art Automated Gate System (AGS). Tests revealed that the AGS was able to cut processing time from 40-60 seconds (export) to <15 second (all). This underscores its commitment to digital transformation and sustainable port operations, aligned to the relevant United Nation Sustainable Development Goals (UN SDG):
- **Goal 8: Decent work and economic growth.** Automation boosts operational efficiency and reduces costs.
- **Goal 9: Industry, innovation and infrastructure.** Foster innovation and modernization ccccccocof port operations
- **Goal 11: Sustainable cities and communities.** Efficient cargo movement reduces congestion and emissions, and improves urban logistics
- **Goal 12: Responsible consumption and production.** Reduces resource waste through automation and improving process accuracy

Global Port Congestion, By Capacity (RHS) And By Region



Source: Linerlytica

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	2,281	2,405	2,588	2,802
EBITDA	1,449	1,625	1,766	1,945
Deprec. & amort.	255	265	282	302
EBIT	1,139	1,249	1,365	1,513
Total other non-operating income	0	15	17	19
Associate contributions	(56)	(127)	(136)	(149)
Net interest income/(expense)	1,139	1,249	1,365	1,513
Pre-tax profit	(241)	(276)	(302)	(335)
Tax	0	0	0	0
Net profit	893	972	1,063	1,178
Net profit (adj.)	893	972	1,063	1,178

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	1,687	1,372	1,314	1,247
Other LT assets	4,733	5,053	5,467	5,870
Cash/ST investment	255	328	390	493
Other current assets	1,104	1,234	1,383	1,548
Total assets	7,778	7,986	8,554	9,158
ST debt	539	568	610	659
Other current liabilities	175	150	150	151
LT debt	905	1,002	1,299	1,595
Other LT liabilities	436	436	436	436
Shareholders' equity	3,818	4,072	4,351	4,659
Total liabilities & equity	7,778	7,986	8,554	9,158

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	1,291	1,234	1,345	1,482
Pre-tax profit	1,139	1,249	1,365	1,513
Tax	(167)	(276)	(302)	(335)
Deprec. & amort.	255	265	282	302
Associates	0	(15)	(17)	(19)
Working capital changes	46	12	17	20
Other operating cashflows				
Investing	(584)	(451)	(642)	(681)
Capex (growth)	(50)	(350)	(500)	(500)
Proceeds from sale of assets	(610)	(137)	(138)	(137)
Others	76	36	(4)	(44)
Financing	(514)	(618)	(579)	(664)
Dividend payments	(673)	(718)	(785)	(870)
Issue of shares	0	0	0	0
Proceeds from borrowings	355	341	447	446
Loan repayment	(175)	(150)	(150)	(150)
Others/interest paid	(20)	(91)	(91)	(91)
Net cash inflow (outflow)	194	165	124	137
Beginning cash & cash equivalent	535	729	894	1,018
Changes due to forex impact	52	0	0	0
Ending cash & cash equivalent	781	894	1,018	1,155

Key Metrics

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	63.5	67.6	68.2	69.4
Pre-tax margin	49.9	51.9	52.8	54.0
Net margin	30.5	31.7	33.1	35.0
ROA	14.8	15.8	16.5	17.4
ROE	30.4	31.7	33.1	35.0
Growth				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5

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